

would encourage him, he would probably join the Senate singing group because he is still quite active.

Governor Jimmie Davis is one of Louisiana's favorite sons.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative assistant proceeded to call the roll.

Mr. COVERDELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. COVERDELL. Mr. President, I ask unanimous consent that following time under the control of Senator COVERDELL, the following Senators be recognized to speak in morning business:

Senator DORGAN for up to 15 minutes, to be followed by Senator COLLINS for up to 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TAX RELIEF PROPOSAL

Mr. COVERDELL. Mr. President, at the end of July, beginning of August, the Congress, in an almost unprecedented fashion and with speed, passed a very significant tax relief bill in Washington. It has been the subject of much discussion and debate.

We could not find very accurate descriptions of this tax proposal, and so Senators and House Members who believed in tax relief went home, and for the last month they have held 500, 700 town halls. They have been throughout the country describing what the tax proposal actually is.

I remember being in a small city in the northern part of my State, Rome, GA, and saying, so far, I had read very little that adequately described what the totality of the tax proposal was.

I have just come from a press conference in the Senate gallery with House and Senate Members. I was taken by the fact that of the six or seven Members there, they all spoke of this mischaracterization they were struggling with when they initially got home. It was characterized as a very large tax bill that would disrupt Social Security and Medicare. There was very little understanding of the proposal, which is this: It is proposed that over the next 10 years, there will be some \$3 trillion in surpluses.

Now, these surpluses are a product of the fact that over the last 4 years, a majority of the U.S. Congress has argued for balanced budgets and for financial constraint. That has produced a very positive economy and, indeed, we are now seeing these numbers that suggest there could be up to \$3 trillion in surplus over the next 10 years. Well,

what are Washington policymakers going to do about it?

At the end of July, the Congress passed this proposal. It said we would take 60 percent of all the surpluses and set it aside for Social Security. It would either be used for Social Security reform or to pay down debt. It assigned 17 percent of all these surpluses to Medicare, education, and domestic priorities to make sure that we keep Medicare sound and whole. It takes 23 percent of the surpluses and returns it to American workers—23 percent.

Now, Chairman Greenspan of the Federal Reserve is quoted all the time on this. He said this is what he would do with it. If he had his first choice, he would pay down the debt. Sixty percent of our proposal does that. He said his second choice would be tax relief. Twenty-three percent of our proposal does that. He said the last thing he would do would be to spend it; don't spend it, and even this proposal spends 17 percent of it.

So the debate we are having is over whether or not 23 percent of those surpluses should be returned to American workers or left in Washington to be spent. As Americans have understood this proposal, they have begun, in increasing numbers, to support it. A majority of Americans now believe the President should sign the tax relief proposal. I don't know if that will compel him to do so, but America has begun to understand that this is a very balanced, reasoned plan.

Why do we think this is so important? American workers today are paying the highest taxes they have paid since World War II. I will repeat that. American workers are paying at the highest tax level they have paid since World War II. About half of their paychecks are consumed by a government at some level—local, State, and Federal. I have said this before. If Thomas Jefferson were here today, he would faint; and when he woke up, he would be very mad that we had ever come to a point that government was taking half of what labor produces. That is what we face today.

Economic opportunity is a fundamental component of what makes American liberty work. It is a fact that Americans have had economic independence and they have turned into a people who are so bold, so visionary, so entrepreneurial, and so confident. We are a very confident people. It goes all the way back to the Revolution. American workers at that time were already the highest paid workers in the world. Since that time, we have seen what happens to a people who have their own independence. We must never take that away from the American psyche and culture. If we do, we will threaten the way American liberty has worked.

Therefore, this tax relief proposal is not some disjointed political venture. This tax relief proposal is instrumental

in the nurturing of one of the fundamental principles of American liberty, i.e., economic independence. There is not a day in this town—and I have been here a little over 6 years, about the same time as the Presiding Officer—that somebody hasn't bemoaned the fact that there was something American families needed or ought to do that they can't. They don't have enough insurance, or some of them don't have any; they don't have enough housing; they don't have enough to pursue the educational purposes they seek.

If the government is taking half of the resources away from them, are we surprised and shocked that these families don't have enough to accomplish the fundamental goals they seek, that they can't pay the insurance premiums? If the government would leave the money with the persons who earned it, they could solve those problems.

There is not a wizard, wonk, or bureaucrat in this city who can more appropriately determine what a family needs to keep itself whole and healthy than the family itself. Therefore, there is no public policy that is more important than nurturing the economic liberty and keeping the checking accounts of American workers healthy so they can do what they have done for the last two-plus centuries.

Economic liberty is a fundamental component of American culture. That is what this tax relief proposal is about. It is about making sure more of those resources stay in those checking accounts.

When you take too much out of those checking accounts—which we have been historically doing now for about three decades-plus—you change the way Americans function. We are not who we are because of our genes. We are who we are because we have been free. When you reduce the resources American families have, you start seeing things you don't like to see.

Let me give you a couple of examples. This year, for the first time since the Great Depression, workers in the United States—our workers—will have a negative savings rate. What is left to save after the Government marches through the checking account?

If an average family in America is making \$50,000 or \$55,000 a year, and you take half of it away, is there enough left to get the job done? The answer is no. So there is nothing to save. So when there is a crisis, there is no ability to respond to it or to prepare adequately for retirement. If you leave the resources in those checking accounts, you will see the savings go up. They will have the resources to do the kinds of things they are supposed to do, including saving for problems or retirement.

Here is another one. Bankruptcies are at an all-time high. Credit card debt is at an all-time high. There are

not enough resources in the checking accounts and so the behavior of these families begins to move in directions that are not as appropriate. That is going to continue as long as we continue to press and constrain and take too much out of the check of an American worker, an American family, and an American business.

I see that the distinguished Senator from Idaho has arrived. I don't want to infringe upon his time. I will yield the floor. Under the previous order, each of us has up to 15 minutes.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

TAXES

Mr. CRAIG. Mr. President, I thank the Senator from Georgia for coming to the floor this morning and asking his colleagues to come with him to discuss what is one of the most fundamental arguments and debates this Senate has had, and that is the debate over taxes and how much our government should rightfully take from the American worker and the American family to fund and finance the services of government.

When I first came to Congress in 1981, we were rapidly spending into deficit, and I said at that time my goal would be to balance the Federal budget.

I well remember that some of the old-timers who had been in Congress then for 30 or 40 years laughingly said, "Not in your lifetime, young man." "Not in your lifetime." They also repeated that it really wasn't in the character of our Government or in the good of the Nation that we should ever balance the Federal budget and that deficit spending was appropriate and right for Government to stimulate the economy. I was of a different school of thought, as were many.

In the early 1980s, I joined with Democrat and Republican who agreed with me to introduce balanced budget amendments and to begin to educate Americans that balancing the Federal budget—the annual operating budget and keeping it balanced—would reap this country great dividends.

If you can flash back to the early 1980s, it was also at a time when our deficits were building in the Federal Reserve. At that time, Paul Volcker was saying to us: If you will get your fiscal house in order and I can get my monetary house in order, and we can keep them in balance, we can diminish inflation, lower our interest rates, and cause a tremendous economic growth in our economy.

Congress in those early days chose not to listen. We continued to deficit spend. Paul Volcker, Chairman of the Federal Reserve, basically took it on himself, as did the Federal Reserve, to kill inflation in this economy. It was a very costly task. It threw thousands and thousands of people out of work. It

bankrupted small companies. It destroyed farming and ranching communities. It was a devastating thing to do. But it happened.

Some of us have already forgotten 21 percent interest rates at one point and high levels of unemployment. Why? Because the fiscal and monetary policy of this Nation's Government was out of sync. We continued to deficit spend. We continued to mount those deficits until 1994. The American people said enough is enough, and we will listen to a conservative Republican Congress, and we want you to balance the budget. So they changed our country significantly by electing a more conservative Republican majority in Congress. The rest of the story is, while difficult at times, quite simple; that is, we balanced the budget. We did so by restricting the growth of spending at a time when new technologies in our economy were exploding on the scene. The economy and the fiscal policy and monetary policy began to go into balance. We have seen the most phenomenal economic renaissance literally in the history of this country, if not the history of the world.

Our economy today drags the rest of the world's economies with it. Our workforce has never had more options, generally speaking, and opportunity for employment in the history of our country, except, as the Senator from Georgia knows, in rural agricultural communities and some of our resource-based communities where agricultural policy or Government policy is not in sync at this moment, and where we have a unique phenomena around the world such that our biotechnology has expanded around the world to the point of creating tremendous surplus because of the balanced budget.

Because of the fiscally responsible Congress, we are now experiencing the politics of surplus—not deficit but surplus. The politics of that surplus is really quite simple. For those who like to spend, they lick their chops and rub their hands and say, look at all we can do more than we are doing for the American people.

For those of us who really believe we are doing enough and that the American people best know, as the Senator from Georgia said, where and how to spend their money on their families, the politics of surplus is the opportunity to reward the American people for their wisdom in requiring their Government to balance its budget and to return to the American family the money that is rightfully theirs in the reality that we are, in fact, overtaxing the American workforce for the amount of money necessary to run Government.

We knew coming to this session of Congress that what we wanted to do for the American workforce and the American taxpayer in returning to them their money would be a difficult task at best. The first sounding of the alarm

came with the President's State of the Union Message when he not only proposed in a time of surplus 80-some new spending programs but even proposed a tax increase. I mean, my goodness, Bill. We are talking about potentially hundreds of billions of dollars of surplus and the argument is that we are probably overtaxing the American people and you want more money and you want to tax more. That really was the beginning of the battle that we have engaged in for about 7 long months.

It was also quite obvious from the very beginning this President would have an ally. That ally would be the liberal press that, from the very beginning, was always asking people such as me and the Senator from Georgia: Well, but what about the President's position? Don't you think that is the right position?

In essence, they were saying: My goodness, you are surely not going to give back this money when you can spend it on all of these programs.

Here is how all of that refines itself into headlines. I was fascinated by it.

In February, I asked the Chairman of the Federal Reserve, Alan Greenspan, who all of us respect greatly, to come to speak to the Republican policy luncheon. He said: What do you want me to speak about? Quite simply, I want to ask you one question: What do you do with surplus? Alan Greenspan came. And he said: Let me suggest that you reduce marginal rates, you pay down debt, "but, most importantly, you don't spend it."

"Most importantly, you don't spend it."

He said the reason is quite simple. Don't send a message to the economy of this country that you are going to lift the caps and start spending money. He said it will be a most negative message because the available resources of this country are now dedicated to growth and job creation in the private marketplace. And if you suggest that you are going to increasingly take more of it and spend it in Government, you will send a more negative signal. Don't do it.

Before the August recess, after we had shaped a tax bill and we were in the final days of debating it and getting ready to send it to the President, the headlines in the papers were "Alan Greenspan not in favor of tax cut."

The reason I use that example is because it typifies what we knew very early on—that we have many enemies out there as did the taxpayers have in pushing this message. Enemy No. 1, Bill Clinton; No. 2, a collective press that would not fairly write to the American people the broad base of this argument.

Let me tell you what Alan Greenspan said that extrapolated itself into headlines as "not in favor of tax cut." He said, and I am not going to extrapolate; I am going to quote: